Title I – A and ARRA Fiscal Guidelines

Amended June 2013

Federal Funding for Title 1-A and Title 1-AARA are governed by:

- 1. Statutes (Laws)
 - a. Program statutes
 - b. General Education Provisions Act (GEPA)
- 2. Regulations
 - a. Program regulations
 - b. Education Department General
 - c. Administrative Regulations (EDGAR)
 - d. OMB Circulars
 - e. State Requirements
- 3. Guidance

Purpose of Funds: Title 1-A and Title 1-ARRA funds are to be used for approved supplemental Title 1-A and Title 1-ARRA services to designated schools to provide a funding framework to establish or expand Title 1 programs and to provide the basis for which grant awards and payment are to be made.

Annual Application for Funds: Qualifying LEAs must submit an annual application and budget for approval. In Utah, this is completed through the Utah consolidated Application (UCA). Once the budget has been approved the LEA can apply for reimbursement. The approved budget gives pre-approval status to all equipment purchases outlined in the LEA's budget. Any capital outlay greater than or equal to \$25,000 *MUST* be pre-approved.

Responsibilities Associated with Acceptance of FEDERAL Funds:

Programs accepting FEDERAL funds are responsible for assuring that funds are:

- Consistent with current Federal Statutes and Regulations
- Consistent with any special conditions imposed on the grant
- Consistent with the underlying needs of the program
 - Data driven decision making
 - Target funds to areas of weakness
 - Personnel development
 - Reporting
 - School wide programs or targeted assistance

CARRY-OVER POLICY

- Consistent with "carry-over" policy Federal regulations limit the amount an LEA can carry over to 15% of the Title I Grant. LEAs may request a waiver of the 15% carryover limit once in three years or they may return all funds over the 15% limit for reallocation.
 - If carryover amount is less than or equal to 15%, no waiver is required, however there must be a Reimbursement request that covers all expenses up-to-and including September 30th of the year the funds are awarded.
 - More than 15% carry-over on September 30th requires waiver approval. A waiver may be requested when September expenditures have been determined and the exact percentage of carry-over has been calculated.
 - ➤ A reimbursement request must be submitted up to and including all expenses as of September 30th
 - > September reimbursement request is due no later than October 15th
 - Analysis will be made of all expenditures and programs with more than 15% carryover will be notified
 - Waiver request to carry-over more than 15% in Title 1 will be due no later than November 1st
 - Programs will be notified upon approval/disapproval of request
 - Programs may only request a waiver once every three years
 - See separate document for items to include in the waiver request
- For LEAs whose yearly allocation is less than \$50,000, wishing to carry-over more than 15%, no waiver is needed. The LEA **must** submit a Reimbursement request that covers the time period up-to and including September 30th of the year the funds are awarded.

MAINTENANCE OF EFFORT (MOE)

- Consistent with "maintenance of effort (MOE)" policy
 - An LEA may not use funds to reduce the level of expenditures for the education of children from state and/or local funds below the level of those expenditures for the preceding fiscal year.
 - For eligibility determination, the USOE must determine that the LEA budgets at least the same total spent for that purpose from the same source <u>for the most</u> <u>recent prior year for which information is available</u>.
 - Sources of funds may be either local funds only or combination of State and local funds.

- The USOE will not consider any expenditure made from funds provided by the Federal Government for which the USOE or the LEA is required to account to the Federal Government in determining the LEA's compliance.
- Allowable reductions:
 - ➤ The voluntary departure, by retirement or otherwise, or departure for just cause of service personnel
 - ➤ A decrease in the enrollment of qualifying students
 - ➤ The termination of costly expenditures for long-term purchases, such as the acquisition of equipment
- Maintenance of Effort can be satisfied by an LEA in either of the following two ways:
 - ➤ By looking at the amount the LEA has expended in non-federal expenditures two years previous, taking 90% of that amount, the results must be greater than or equal to the amount spent in the previous year for the LEA to have no reduction is funds for the current year OR
 - ➤ By looking at the amount the LEA has expended per pupil in non-federal expenditures two years pervious, taking 90% of that amount, the results must be greater than or equal to the per pupil cost the amount spent in the previous year for the LEA to have no reduction in funds for the current year.
- To calculate the percentage of Title I fund reduction, if necessary, is figured two ways also:
 - Overall expenditures OR
 - Per pupil expenditures.
 - Since the LEA can satisfy the MOE by either method, then the USOE will used the lower of the two percentages to calculate the actual percentage of decrease for the current year, this percentage multiplied by the previous year's allocation to determine the dollar amount of reduction. The amount of reduction will be made on the next year's allocation.

SUPPLEMENT NOT SUPPLANT state, local, and other Federal funds

- Funds must be used to supplement State, local, and other Federal funds, not to supplant those funds – ask this question: "What would have happened in the absence of federal funds?"
 - Presumptions of supplanting:
 - Required to be made available under other federal, state, or local laws

- Provided with non-federal funds in prior year
- Funds were used to provide services to Title 1 students, and the same services are provided for non-Title 1 students using other funds
- Presumption rebutted:
 - ➤ If LEA demonstrates it would NOT have provided services if the federal funds were NOT available
 - NO non-federal resources available this year

COMPARABILITY OF SERVICES REPORT

- Comparability of Services
 - LEAs are able to document that the services provided with state and local funds in Title I schools are comparable to those provided in non-Title I schools in the LEA.
 - State and local funds must be used in participating schools to provide services that, taken as a whole, are "at least comparable" to services in schools that do not participate in the Title I program.
 - If an LEA serves all of the schools in its district with Title I funds, the LEAs must use state and local funds to provide services that are "substantially comparable" in each participating school.
 - Comparability may be determined on a grade-span-by-grade-span basis or a school-by-school basis.
 - Written Assurance
 - On-site files contain a written assurance with the SEA that it has developed and implemented the following three features:
 - a. An LEA-wide salary schedule;
 - b. A policy to ensure equivalence among schools with regard to teachers, administrators and other staff; and
 - c. A policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.
 - > Other measures that can be used:
 - a. Student/instructional staff ratios or
 - b. Student/instructional staff salary ratios
 - Need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of a school year in determining comparability of services.
 - Maintenance of Procedures and Records

- ➤ LEA must develop procedures for complying annually with the comparability requirements
- ➤ LEA must maintain records (updated biennially) that document its compliance i.e., if the LEA files a written assurance that it has established and implemented a district-wide salary schedule and policies to ensure equivalence among schools in staffing and in the provision of materials and supplies, it must keep records documenting that the salary schedule and policies were implemented and that equivalence was achieved among schools in staffing, materials, and supplies.

Exclusions

- a. Comparability rules allow the same exclusion of funds permitted under the supplanting analysis
- b. For the purpose of determining comparability, the LEA may exclude supplemental state and local funds expended in any school attendance area or school for programs that meet the intent and purposes of Title I.
- c. The LEA also may exclude funds expended for language instruction educational programs (i.e., bilingual education for children of limited English proficiency), as well as the excess cost of providing services to children with disabilities as determined by the LEA.

OTHER FISCAL INFORMATION

- BASIC COST GUIDELINES
 - ❖ Basic cost guidelines must be consistent with the Federal cost principles
 - As found in the OMB Circulars:
 - > A-87 State, Local and Indian tribal Governments
 - ➤ A-122 Non-Profit Organizations
 - ➤ A-133 Single Audits
 - Necessary Reasonable
 - > must be necessary for the performance or administration of the grant
 - must follow sound business practices, i.e. procurement processes, follow state, local and federal laws; follow terms of the grant award
 - > Fair market prices
 - ➤ Act with prudence under the circumstances
 - > No significant deviation from established prices
 - Data driven

Allocable

- > Can only charge in proportion to the value received by the program
- Can use direct or indirect methods of allocating costs
- ➤ Not allowable: legal expenses for "prosecution of claims" against the federal government; entertainment; fines and penalties; alcohol; advertising/PR if not required
- ➤ Legal under state and local law
- Conform with federal law and grant terms
- Consistently treated
- ➤ In accordance with general acceptable accounting principles (GAAP)
- Not included as match
- > Net of applicable credits
- Adequately documented
- Allowable: Salaries and wages if proper time distribution records are kept and maintained for ALL employees whose salaries are paid in whole or in part with federal funds and for all "cost objectives" for which the employee worked

SALARY DOCUMENTATION

- Documentation must be signed and dated by the employee and supervisor and prepared at least monthly and coincide with one or more pay periods
- ➤ LEAs are encouraged to upload to the Desktop Monitoring File, at the time of budget submission a copy of the LEA's 'Time Certification" document; a copy of the 'Time Card' for those staff or teachers being paid from more than one funding source; and/or the 'Time Card' for part-time staff or teachers being paid from federal source. A list of all employees paid from a specific federal source will be requested at the time of the monitoring visit, documentation MUST be available for any or all employees listed

TIME/EFFORT DOCUMENTATION – The Appendix to 2 C.F.R. Part 225 requires an employee whose salary and wages are supported, in whole or in part, with Federal funds to document his/her time spent working on Federal programs in order to ensure that charges to each Federal program reflect an accurate account of the employee's and time effort devoted to that program.

<u>Semiannual certifications</u>: If an employee works solely on a single Federal award or cost objective, charges for the employee's salary and wages must be supported by periodic

certifications that the employee worked solely on that program or cost objective for the period covered by the certification. The certification must be prepared at least semiannually and include a dated signature of the employee and supervisory official having firsthand knowledge of the work performed by the employee. The report should also include a statement that 100% of the employee's time and effort was spend in approvable Title I activities.

- > Time/Effort Documentation must include:
 - a. Name of employee
 - b. Job Title
 - c. Pay period dates at least semi-annually dates should include the month(s), days, and year(s) of the certification period
 - d. A statement that 100% of the employee's time and effort was in support of approved Title I activities.
 - e. Signed by employee and dated
 - f. Signed by employee's supervisor and dated

<u>Personnel activity reports:</u> If an employee works on multiple activities or cost objectives, a distribution of the employee's salary and wages must be supported by a personnel activity report (PAR) or equivalent documentation. The Appendix lists instances of multiple activities or cost objectives for which a PAR is required – that is, if an employee work on:

- ✓ More than one Federal award
- ✓ A Federal award and non-Federal award
- ✓ An indirect cost activities and a direct cost activity
- ✓ Two or more indirect activities that are allocated using different allocation bases
- ✓ An unallowable activity and a direct or indirect cost activity
 - > Time/Effort Documentation must include:
 - g. Name of employee
 - h. Job Title
 - Pay period dates at least monthly (to include one or more pay periods) or by pay period – dates should include the month(s), days, and year(s) of the certification period
 - j. All accounts used to pay salary with the percentage of time or actual hours worked used for each accounting code
 - k. Time must be listed for and by <u>ALL accounting codes</u> used for salary pay determination. Must reflect an after-the-fact distribution of the actual activity of the employee
 - I. Needs to show total time in each accounting code

- m. Signed by employee and dated
- n. Signed by employee's supervisor and dated
- o. Must be prepared at least monthly and coincide with one or more pay periods.
- p. Time/Effort Documentation must be signed monthly by school district personnel and may include more than one pay period, for all Charter school personnel
- q. Time certification may be used for full-time employees paid from only one funding code and must be signed and dated by the employee and the employee's supervisor twice per year, monthly for all Charter school personnel
 - (1) Time/Effort Substitute System: State educational agencies (SEAs) are authorized to approve local educational agencies (LEAs) to use a substitute system for time/effort reporting in accordance with the following guidelines. In permitting an LEA to use the substitute system, the SEA must obtain from the LEA a management certification certifying that only eligible employees will participate in the substitute system and that the system used to document employee work schedules includes sufficient controls to ensure that the schedules are accurate. Additionally, the certification must include a full disclosure of any known deficiencies with the system or known challenges with implementing the substitute system. This certification may be used by auditors and SEA oversight personnel when conducting audits and sub-recipient monitoring of the substitute time/effort system.
 - (2) System Guidelines (See attached example)
 - (a) To be eligible to document time/effort under the substitute system, employees must
 - (i) Currently work on a schedule that includes multiple activities or cost objectives that must be supported by monthly personnel activity reports;
 - (ii) Work on specific activities or cost objectives based on a predetermined schedule; and
 - (iii) Not work on multiple activities or cost objectives at the exact same time on their schedule.
 - (b) Under the substitute system, in lieu of personnel activity reports, eligible employees may support a distribution of their

salaries and wages through documentation of an established work schedule that meets the standards under section (c). An acceptable work schedule may be in a style and format already used by an LEA.

- (c) Employee schedules must:
 - Indicate the specific activity or cost objective that the employee worked on for each segment of the employee's schedule;
 - (ii) Account for the total hours for which each employee is compensated during the period reflected on the employee's schedule; and
 - (iii) Be certified at least semiannually and signed and dated by the employee and a supervisory official having firsthand knowledge of the work performed by the employee.
 - (iv) Any revisions to an employee's established schedule that continue for a prolonged period must be documented and certified in accordance with the requirement in section (iii). The effective dates of any changes must be clearly indicated in the documentation provided.
 - (v) Any significant deviations from an employee's established schedule, that require the employee to work on multiple activities or cost objectives at the exact same time, including but not limited to lengthy, unanticipated schedule changes, must be documented by the employee using a personnel activity report that covers the period during which the deviations occurred. States should put forth guidelines and examples for what constitutes a significant deviation from an employee's established schedule that would warrant an individual reverting to a personnel activity report.
- r. All data may be stored as PDFs electronically or hard copy in employee files

Procurement and Inventory

- Districts should have standard procedures that kick in when a piece of equipment (property) is received, and those standard procedures should comply with the federal rules on managing equipment found in the Education Department General Administrative Regulations (EDGAR), 34 CFR §80.32 (d). The rules are fairly straightforward:
 - Equipment purchased with federal funds must be used in the program or project for which it was acquired, as long as it is needed. When it is no longer needed for that project or program, it may be used in other activities supported by a federal agency or disposed of in accordance with proper procedures.
 - Equipment may be made available to be used by other federally funded projects or programs, as long as that will not interfere with the work for which it was originally purchased.
 - Property records must be kept by the LEA that include, at a minimum, all of the following:
 - 1. Who holds the title to the property.
 - 2. Description.
 - 3. Serial or other identification number including a vehicle identification number and title certificate number as appropriate.
 - 4. Source of the property.
 - 5. Name of the custodian of the property.
 - 6. Name, make or manufacturer.
 - 7. Acquisition date and cost of the property.
 - 8. Method of acquisition and if purchased, voucher, check or the warrant number.
 - 9. The percentage of the federal participation in the acquisition of the equipment (if non-federal, as well as federal, funds were used).
 - 10. The location, use and condition.
 - 11. Any disposition information such as the date of disposal and sale price.
 - 12. The date the item was last physically inventoried and the condition of the item as of that date.
 - Equipment must be permanently marked, if practicable.
 - Inventory must be reconciled at least annually and when there is a change of custodian.

- There must be a control system established to prevent loss, damage or theft of the equipment and any such loss, damage or theft should be investigated.
- There must be appropriate maintenance procedures established to keep the equipment in good condition.
- If the LEA determines that it is appropriate to sell the equipment, there must be procedures established to ensure the highest possible return.
- The LEA must have procedures for proper disposition of equipment when it is no longer needed for the project or program, or any other activities currently or previously supported by a federal agency. These procedures specify circumstances under which a sub-recipient may retain, sell, or otherwise dispose of the equipment.

EDGAR states that Federal funds **cannot be used** for the following:

- o Cannot use federal funds for religious worship or instruction
- Title 1 funds cannot be used for the acquisition of real property or for construction

Title 1 Program Fiscal Responsibilities:

- 1. Maintain accurate records/documentations of all expenditures including salaries (as outlined above)
- 2. Produce any or all records/documentation upon request by the USOE
- 3. Request reimbursements on a regular basis, at least quarterly

As an increased measure of accountability:

- ✓ The USOE is implementing a procedure to verify that LEAs maintain adequate documentation to support requests for reimbursement. Programs reimbursement requests will be monitored closely; documentation may be requested in one or more budget categories. If deemed necessary, full documentation may be requested on all reimbursement requests. Programs will be notified at the time of reimbursement requests if documentation is required before payment is made.
- ✓ The USOE is implementing additional measures for Fiscal Monitoring. Program On-Site Monitoring will also include:
 - 1. A program list of ALL staff being paid with Title I funds and Salary payment procedures

- 2. A program list of ALL purchases of \$25,000 or greater, including Vendor information name, address and DUNS number
- 3. The program's Procurement Policy and/or Procedures
- Comparability Reporting will now require all Title I schools to be reported, regardless if there is a non-Title I school to compare it to. It is necessary to show that even if all of your schools are Title I schools, they are also comparable to each other.
- ✓ USOE will also be keeping a more careful eye on deadlines for completion of required reporting.